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ANNUAL REPORT 2002 of the National Ecological Fund

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Institute of National Economy, Ministry of Ecology, Construction, and Territorial Development

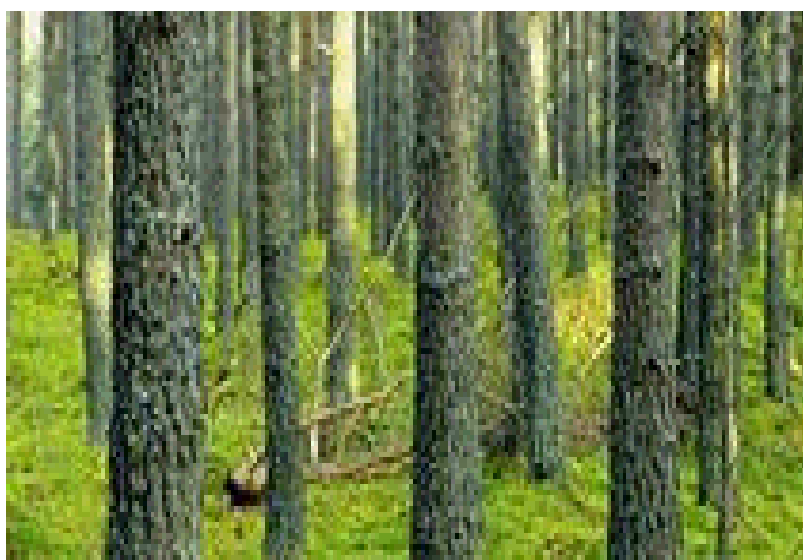
July 2003

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MPRA Paper No. 100850, posted 06 Jun 2020 08:33 UTC

NATIONAL ECOLOGICAL FUND

Republic of Moldova

ANNUAL REPORT 2002



**2003
Chisinau**

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Abstract

The 2002 Annual Report of the National Ecological Fund (NEF) of the Republic of Moldova describes the Fund's activities during 2002. The main goal was to make public the information about the Fund's activity, programmes and achievements in promoting the projects for environmental quality improvement in Republic of Moldova.

The Annual Report was prepared as an official document of NEF, by the Fund's personnel, with support from MECTD experts, who are carrying out the Fund management and by the consultants.

Generally, the Annual Report is elaborated and published within 3 months from the ending of the 12-month period covered by the Annual Operating Plan.

The Annual Report includes an overview of Fund objectives and strategy:

1. A briefly description of the Fund's history, legislation, and structure;
2. General guidelines about the NEF; operating scheme; project management;
3. Summary of the NEF financial activities and disbursement mechanisms used during 2002;
4. Case studies with "remarkable results"; short description, photos, schemes, etc.;
5. External evaluations of the NEF activity (OECD Evaluation in 2002);
6. Perspectives for the next year (2003).

NOTE

The 2002 Annual Report of the National Ecological Fund was elaborated through the Project "*Assistance for Institutional Capacity Strengthening of the National Ecological Fund of the Republic of Moldova*" financed by the Danish Agency for Environmental Protection (DEPA) through the Short-term Consultancy Contract (Ref. No. 124/000-0157).

The Report was elaborated through a direct consultation with the experts of the Ministry of Ecology, Construction and Territorial Development of the Republic of Moldova (MECTD), who are responsible for the policy and management of the National Ecological Fund.

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Abbreviations and Acronyms

SC	NEF Steering Committee
BOD	Biological Oxygen Demand
CEE	Central and Eastern Europe
GD	Governmental Decision
EAP	Environmental Action Plan for CEE
EAP Task Force	Working Group for implementation the EAP for CEE
EU	European Union
GNP	Gross National Product
IFI	International Financing Institution
MDL	Moldovan Lei
MECTD	Ministry of Ecology, Construction, and Territorial Development
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
NIS	New Independent States
OECD	Organization for Economic Cooperation and Development
PPP	Polluter Pays Principle
TACIS	Technical Assistance for the Community of Independent States
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	US Dollars
NEF	National Ecological Fund of the Republic of Moldova

EXCHANGE RATES

For analyzing the financial data in this Report, a trend of the exchange rates is presented (average annual rates)
MDL - USD:

- MDLeu/USD -

Year	1996	1997	1998	1999	2000	2001	2002
Exchange rate	4.8	4.8	5.4	10.5	12.5	12.86	13.57

INTRODUCTION

The 2002 Annual Report¹ of the National Ecological Fund of the Republic of Moldova describes the Fund's activities during 2002. The main goal is to make public the information² about the Fund's activity, programmes and achievements in promoting the projects for environmental quality improvement in Republic of Moldova.

Preparation and Timing

The Annual Report is prepared as an official document of NEF, by the Fund's personnel, with support from MECTD experts, who are carrying out the Fund management and by the consultants.

Generally, the Annual Report is elaborated and published within 3 months from the ending of the 12-month period covered by the Annual Operating Plan.

Dissemination

The Annual Report was be submitted to the Ministry of Ecology, Construction and Territorial Development (MECTD) of the Republic of Moldova and to its subordinated units, interested governmental organizations and, selectively, to some units, donors, associations, participating banks and to other interested parties. Additional brochures will be disseminated to the non-governmental organizations and to individuals who have requested the report.

The National Ecological Fund is using the Ministry of Ecology, Construction and Territorial Development website, thus the executive summary of the Annual Report for 2002 can be viewed or downloaded by the applicants.

Content of the ANNUAL REPORT 2002

The Annual Report includes an overview of Fund objectives and strategy:

1. A briefly description of the Fund's history, legislation, and structure;
2. General guidelines about the NEF; operating scheme; project management;
3. Summary of the NEF financial activities and disbursement mechanisms used during 2002;
4. Case studies with "remarkable results"; short description, photos, schemes, etc.;
5. External evaluations of the NEF activity (OECD Evaluation in 2002);
6. Perspectives for the next year (2003).

¹ The Report for 2002 is the first one published by the NEF and, for this respect, some chapters will present more detail on the Fund's operating mechanism than will be presented in future reports.

² While the Annual Report has an external communication role for NEF, this is not a substitute and does not absolve the Fund Administration of its responsibility for preparing the needed reports for the interested governmental institutions.

1. THE SYSTEM OF ECOLOGICAL FUNDS IN THE REPUBLIC OF MOLDOVA

The system of Extra-Budgetary Ecological Funds in the Republic of Moldova includes the National Ecological Fund and 12 Local Funds. The Funds are not juridical independent entities. The National Ecological Fund is directly subordinated to the MECTD, and the local Funds are managed by the Territorial Ecological Agencies.

The ecological funds were set up for collecting financial resources in addition to those resources from the state budget in order to finance environmental and natural ecosystems reconstruction projects.

The available financial resources of the ecological Funds consist of the collected revenues. In 2002 the amount collected by all ecological funds was 15,030 thousand lei, of which 10,975 thousand lei was collected by the NEF and 4,055 thousand lei by the local Ecological Funds.

1.1. The National Ecological Fund of the Republic of Moldova (NEF)

The National Fund, with its current institutional status, was set up in 1993. During the first years of operation, the fund's revenues were limited and the expenditures, generally, were going to the environmental central authority (now, the Ministry of Ecology, Construction and Territorial Development - MECTD). In this respect, the NEF has contributed in introducing the environmental economic instruments in the Republic of Moldova.

Since 1998, the Ecological Fund has been changed in a positive and considerable way that shows an important step for increasing its potential for playing a strategic role in promoting the environmental improvement activities in the Republic of Moldova. The most important step was to introduce the tax on liquid fuels, as the main revenue source. This tax represents a stable and significant revenue source for the Fund enabling the Fund to play a greater role in both investment and non-investment projects. In this role, the Fund has supported NGOs and provided co-financing for projects financed by external sources..

1.2. The Local Ecological Funds

In addition to the NEF, there are 12 local ecological funds. These local funds include the Ecological Fund of Chisinau – the largest local fund in terms of revenues – and Ecological Funds in Edineț, Soroca, Bălți, Orhei, Ungheni, Tighina, Lăpușna, Cahul, Taraclia and Găgăuzia.

The ecological funds and territorial ecological agencies have an important role in the management of the payment system for pollution, being the second most important revenue source for the NEF, in terms of revenue collected. From the total of the revenues collected by the Territorial Ecological Agencies through payments for water sources and air pollution, waste disposal, transportation, compensation for environmental damages and fees, 30% is transferred to the NEF account, and the remainder is retained for use by the local ecological funds. The financial resources of the Local Ecological Funds are used for elaborating and implementing the local environmental projects for construction, reconstruction and modernizing the environmental protection installations, for sanitary measures and ecological awareness.

Locations for the Ecological Funds



2. LEGAL AND ADMINISTRATIVE FRAME, OBJECTIVES AND THE STRATEGIC ROLE

2.1. Legal Frame

Initially, the operations of the National Ecological Fund were regulated by the GD no. 89/ March 26, 1990, a provisional regulation on setting up and using funds for nature protection in the Republic of Moldova. In 1993, Law no. 1515-XII/ June 16, 1993 regarding Environmental Protection (Articles 83-87) stipulated that funds to be set up at three levels - municipal, regional and national. The NEF was and still is subordinated to the Ministry of Environment, now MECTD and the regional and local funds were subordinated to the regional and local authorities.

During nine years of operation, the ecological funds system has been changed significantly. In 1998, modifications were made to the Law about Environmental Protection (Law no. 1539-XIII/ February 25, 1998) through which the three –level system became a two-level system – the National fund and 11 local Funds. The responsibilities for managing the local funds were transferred from the local governmental authorities to the territorial units of the Ministry of Environment – Territorial Ecological Agencies.

The base of Funds' revenues, according to the Law in 1998, was consolidated and the legal contradictions were eliminated. Some of the Fund revenue sources, stipulated in the 1993 version, such as part of the tax for land, payments for mineral resources using, have been eliminated from the 1998 version of the Law, because these were revenue sources for the state budget and were in conflict with the Budget Law because of the earmarking. Distinct from the 1993 Law, the 1998 Law increased the number of the members of the Funds Steering Committees from 3 to 5 persons. It must be mentioned that the articles regarding tax exemption of the Funds (Article 83.(3)) and the possibility of transferring the financial means from one year to the next one (Article 83.(2)), as they were stipulated in the 1993 Law, have been excluded from the 1998 Law.

Pollution fees, as legal revenue source for the Funds were initially introduced through the Law on Environmental Protection in 1998. The Law on Payment for the Environmental Pollution no. 1540-XIII on February 25, 1998 and the law modifications from 1999 detail the modalities of paying. The calculated methods and payment of the pollution fees were further stipulated in the *Guideline for calculation of pollution payments*, approved by the Ministry of Environment on November 5, 1998. The law mentioned above, stipulates a new revenue source for the National Fund – payment for the imported liquid combustibles – that contributed significant to increases in Fund revenues. In this respect, the Law was completed by the *Guideline for Collecting Mechanism and Transferring the Pollution Payments for Petroleum Products*.

At the end of 2002, through the Law regarding modification of the *Law about pollution payment* (no. 1566-XV on December 20, 2002) new revenue sources for NEF such as payment for merchandise that, by using, caused environmental pollution were introduced.

The Law about Pollution Payment is an action of the Government of the Republic of Moldova to consolidate the revenue base of the Funds and to ensure a stable revenue flow.

The Budget Law ensures the legal general frame for NEF operating, and, in particular, the planning process, during which the Fund establishes the annual expenditures, is strongly linked to the State Budget elaboration. Beginning with 1999, the NEF budget was annexed to the Budget Law and approved as part of the State Budget (together with the other budgets of the extra-budgetary National Funds).

The GD approving the Regulation of the Ecological Funds (No. 988 on September 21, 1998) is the legislative base for the institutional set-up and operations of Funds. The Funds' legislative base was continuously developed through a number of rules and guidelines that are described in Chapters 3 and 4 of the present report in the context of Funds management and operations. The most important laws and rules related to the Ecological Funds are listed in Annex 1.

2.2. Administrative Frame

NEF resources belong to the State Treasury (Ministry of Finance). The Fund has a bilateral management structure: Steering Committee (management role) and Executive Secretary (executive role). NEF has its office into the MECTD building and is direct subordinated to this Ministry. Currently, the General Directorate for Environmental Policy in the MECTD coordinates the NEF and local funds activity, prepares the budget and statistical reports of the ecological Funds and offers technical support to the local funds.

NEF Administration is ensured by the **Steering Committee (SC)**. This Steering Committee was set up based on the Law regarding Environmental Protection in 1993 (completed in 1998), next, based on the Regulation about Ecological Funds in Republic of Moldova (1998), (Article 14) and Regulation about Operations of the Steering Committees of the Ecological Funds (November 1998). Now, the SC activity is controlled by the Regulation about ecological funds administration, approved in the SC meeting on December 2, 2002.

The SC includes 5 members, named by the MECTD for 2 years (excepting the NGO representative, being named annually):

- President - Minister, MECTD;
- Vice-president – Vice-minister, MECTD;
- Representative of the Parliament;
- Representative of the State Chancellery (the body that prepares documents for the Governmental meetings);
- Representative of the NGOs (there are named 3-4 persons in the NGO general meeting, by annual rotation, one person is named through ministerial order).

2.3. Steering Committee Responsibilities

According to the Regulation about ecological funds administration (December 2002), the SC responsibilities are the following:

- establish and approve the annual budget of the Fund;
- establish the financing priorities of the Fund;
- analyze and approve the environmental national and local plans, projects and programmes, establish the value of their financing;
- approve the legislative acts and norms regarding setting up and management of the ecological funds;
- approve the internal rules and guidelines in domain;
- control the collection and disbursement of the financial resources according with the annual budget and established conditions;
- approve the implementation progress reports submitted to the Fund by beneficiaries – legal persons or individuals - receiving financial support for environmental projects;
- approve the list of economic agents that are paying for the environmental pollution and of other sources for local ecological funds;
- in case of non-payment of the legal fees, which are transferred into the ecological funds by the economic agents and other legal persons and individuals, SC may address official requests to the governmental organizations and/or court institutions to address non-payment;
- analyze and take decisions about infringement by the responsible actors related to the modality and conditions of using the ecological funds;
- analyze and approve the reports regarding the collection and use of the ecological funds resources;
- submit proposals about improving the method of collecting revenues and rational using of the ecological funds;

- ensure the transparency of the activities related to the ecological funds management.

The rights and responsibilities of the SC members of all funds are stipulated as follows:

- to submit proposals about the working agenda;
- to request information about achieving the decisions adopted within the meetings, but also about the activity of the ministry subunits, which are responsible for keeping the records and for monitoring of the financial resources of the Funds;
- to ask for penalty for the persons who commit or accept, by their decisions, the infringement of the legislation regarding the Ecological Funds management, no matter the position or if they are SC members;
- to request from the beneficiaries any information about the financial resources received from the Ecological Funds;
- to propose and participate directly in activities related to the elaboration and implementation of the legislative acts and norms for Ecological Funds;

2.4. NEF Secretary

The decisions approved within the SC meetings are fulfilled by the NEF Secretary, who has the following responsibilities:

- provides all information to applicants regarding the application procedure and project presentation, by announcements in the written mass-media and lists at the secretary office;
- analyzes the project documentation submitted and determines the level of its completion; the project must correspond to the fund's priorities and requirements and must be completed with all requested materials, if not, the project application could be returned to the applicant to be revised or can be rejected;
- registers the project in a record journal and submits it for analysis;
- prepares the SC meetings, drafts the minutes that shall be included for the issues under discussion, prepares the text for SC decisions and arranges for them to be signed by the president, vice-president and all members, and then prepares the summaries of these minutes;
- informs the applicant about the SC decision, in 5 days from the signing of the SC meeting minutes;
- ensures the concluding of the contracts between the beneficiaries and executors (making 4 copies of the contracts, being attached 4 copies of the expense estimation, coordinates the transfer of the financial resources according to these contracts);
- keeps the record of all projects, minutes, summaries, contracts, payment orders, and reports related to project implementation and does not allow the access of any other persons to the Fund files (excepting the authorized units);
- ensures the transparency of the Ecological Funds management activities, exchanges information with other funds and donors in order to avoid duplication in the overall financing of registered projects;
- elaborates quarterly report about the approved projects and allocated amounts, by announcements in the written mass-media and in the Ministry bulletin. Annually, prepares and ensures the publishing of the Fund annual report (including the statistical report);
- periodically, sends information to the Territorial Ecological Agencies about the financed projects, locally, in order to monitor their implementation and control project achievements, and also, requests information about the local ecological funds management.

The NEF accounting is kept by a specialist of the General Directorate of Finance and Accounting from the Ministry, who is nominated by ministerial order.

2.5. Project Cycle Management

Project cycle management is the main function of the ecological funds. The project cycle includes a series of consecutive activities having as their objective the identification, appraisal, selection, and implementation and monitoring of the environmental projects financed by the Fund. Usually, the project cycle management is the responsibility of the administration body that approves the projects for financing.

Until 1998, NEF did not use a set of project cycle management procedures. Because the Fund revenues were very low and used more for financing Ministry's activities, the selection process of the projects was very simple. In November 1998 a normative act³ was approved stipulating the activities related to the project cycle management within the National Fund.

The National Fund project cycle is simple, including several formal items. As has already been mentioned, the SC has the main role in project selection. Applications for financing are received throughout the year and are debated within the SC meetings. In this chapter is presented briefly the base structure of the National Fund project cycle, and below, is described each item of this cycle.

1. Project Identification

NEF has a passive role in project identification. The structure of the Fund Budget is published at the beginning of the year and serves as the guideline for potential applicants. They can apply for a project included in one of the 14 budgeted categories⁴. In addition, the applicants must know the budget limits for each of these categories, because the fund can not exceed those amounts.

2. Project Preparation

In order to get financing from the Fund, the application form and the following documents must be submitted: a) Project description; b) Project expenditure estimation (elaborated by the applicant); c) Monitoring permit of the Territorial ecological Agency; d) Recommendation letter from the local public administration unit.

The applicant is not required to submit a detailed technical project, a feasibility study, an ecological impact analysis or other documents.

The Application for National Fund consists of the application form (general information about the project) and project proposal (more detailed). A single unique application form is used, regardless of the type of project. The application form (general information) shall include:

- Information about the applicant: name, address, etc;
- General project information: title, location, type, period and detailed description;
- Total cost and the requested amount;
- Banking information and documents;
- Project budget.

Project proposal (detailed) shall include four chapters:

- Project description and rationale;
- Work Plan (schedule);
- Budget justification, and
- Applicant's statement regarding the information veracity.

³ GD no. 988 on September 21, 1998 *about the approval of the ecological funds regulation*

⁴ Beginning with 2003 will be only seven budgeted categories.

The project's estimated results (the effect) are presented only in a descriptive form. The project budget is detailed, but the financing plan does not show information about the other financing sources that could be used for the project (when the requested financing is lower than the project's total cost).

3. Project Appraisal and Selection

When the application is submitted, the secretary should register it and record the project. At least one of the MECTD experts (specialists) studies the project and prepares a conclusion in writing. The NEF Secretary elaborates the project list for the discussions in the SC meeting.

The expert's conclusion is one of the most important components of the project appraisal process. The expert makes a positive or negative recommendation based on the limits of his/her competence. Additionally, the expert can make the following recommendations:

- Modification of the project goal (development);
- Request some additional measures prior to the start of the project;
- Project budget revision (budget justification);
- Suggests to the SC to request additional opinions about the project proposal from relevant scientific research institutions.

Within the meetings, the SC discusses the project list prepared by the fund secretary. The experts' conclusions are presented to the SC, but they are not binding on the SC. The SC decides on project approval or rejection through major votes of the present members. All decisions of the SC are described in the minutes of each meeting.

In the decisional process the SC must take into consideration the budgetary classification and the initial expenditure according to the budget. When the resources from one or other category are finished, even a good project that received a positive evaluation from the experts can not be financed. In this case, the applicants must wait until there are adequate budget resources in the next year. Usually, in the first meeting of the year, a series of projects which did not receive financing in the previous year, will be included in SC discussions. As a result, project proposals that were submitted later in the year have less chance to be approved than those submitted at the beginning of the year and those carried over from the previous year.

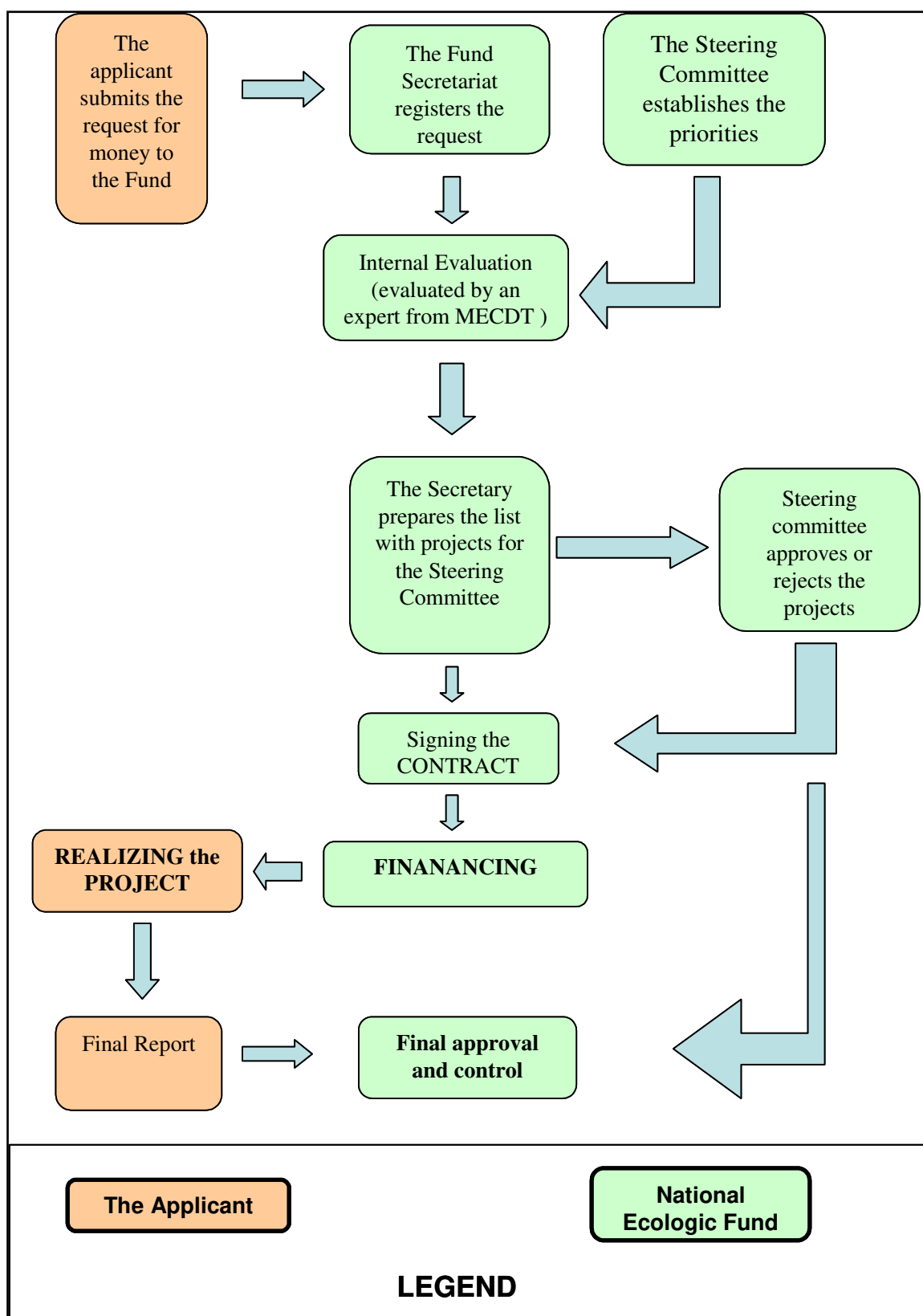
4. Project implementation

After the SC meeting, the Fund secretary drafts the minutes and takes measures for the contract signing and transfer of the financial resources to the beneficiary, when the SC decision is positive. If the application is rejected, the secretary informs the applicant, verbally or in writing.

For the project proposals approved by the SC, contracts are elaborated between the MECTD and beneficiary. These contracts should include:

- Legal justification;
- Project title and volume of the requested financing;
- Financing scheme (instalments);
- Terms;
- Contract parties' duties;
- Applicant statement (confirmation of all data included in the submitted documents).

Project Cycle of the National Ecological Fund



The project financial plan is attached to the contract. The contract is signed by the Minister of Ecology, Construction and Territorial Development. In the contract it is stipulated that the beneficiary has to respect the Law about purchasing goods, works or services for state needs (No. 1166- XIII on April 30, 1997) from the National Fund account.

The financial sources are transferred to the beneficiary after the contract signing, in several instalments. After finishing the works, the Fund transfers the financial means directly to the beneficiary and not to complementary services/works supplier. The Fund has its own banking account.

5. Monitoring

After finalizing the project, the beneficiary has to present the final narrative summary of 2-3 pages. In addition, the financial summary should be submitted and includes all banking justification documents and attachments such as schemes, maps, brochures, scientific reports, photos etc. The Territorial Ecological Agency is responsible for the monitoring of the project and prepares the control document of the works done for the project. Fund representatives may also make field visits to monitor the project's development.

2.6. Strategic role and NEF objectives

The Environmental Policy of Republic of Moldova⁵ is specified in the National Environmental Action Plan, Environmental Protection Law and in a series of other political documents approved after 1995 (see Table 1). The National Environmental Action Plan is the most complete in elaborating the short-term (5 years) environmental priorities, and describes the needed reforms of the institutions and policy instruments. An important part of the National Environmental Action Plan is to solve the aspects related to the water pollution caused by municipality, industrial and agricultural sources and to identify investments for solving these issues. Now, the national Environmental Action Plan is in progress of re-examination and to be finalized in the near future.

During 2000-2001, the Parliament of the Republic of Moldova approved on November 2, 2001 the Environmental Policy Concept of Republic of Moldova. This document includes all priority domains and disbursement mechanisms, including the NEF sources.

Table 1: Environmental Policy Documents, adopted in Republic of Moldova

Concept of the Environmental Protection in the Republic of Moldova (1995)
National Strategic Environmental Protection Action Programme (1995)
National Environmental Action Plan (1996)
Bio-diversity Conservation Strategy and Action Plan (2001)
National Action Plan for Health related to the Environment (2001)
National Programme for Waste Management (2000-2001)
Environmental Policy Concept in Republic of Moldova (November 2001)
National Programme for Water Supply and Wastewater (2002)

⁵ Environmental Policy Conception of Republic of Moldova was elaborated during 2000-2001 and approved by the Parliament on November 2, 2001. This document identifies the priorities of the environmental policy but also the potential financing sources that could be used for implement the priorities. NEF is part of these financing sources.

The National Ecological Fund can offer investment support to the projects that are considered environmental priorities. According to the Regulation about Ecological Funds (Article 7), at least 70% of the annual budget of NEF must cover expenditures for the environmental priorities listed in the National Environmental Action Plan. This condition reflects the NEAP recommendation about using the ecological funds for financing both environmental priorities and cost of the efficient operating of the ecological system management. It has to be mentioned that this recommendation was made before the increasing of the Fund revenues, because of introducing the payment for the petroleum products. The National Programme of water supply and sewerage indicates that the ecological funds and particularly the NEF should play a more strategic role in financing important water supply projects.

For increasing the role in the financing of investments, the funds should cover a higher share of expenditures for investments. Now, NEF finances a small number of investment projects. Through the National Programme of water supplying and sewerage, the highest part of the environmental costs is for modernizing the wastewater treatment units. This reflects the environmental policy priority of Moldova.

The goal of the policy for water supplying and sewerage, for the next 20 years, is to “maintain the current level of the services and prevent the system deterioration”, that is specified in goals regarding service delivery, water and service quality. To accomplish this objective, Republic of Moldova would need annually about 56 million USD (based on the prices in 1999), only to cover the operating and maintenance costs. There are not estimated ecological investments or major rehabilitation works. Different financing sources are taken into consideration (state budget, private sector, community services resources (water tariffs), but also external sources.

3. NATIONAL ECOLOGICAL FUND ACTIVITY DURING 2002

3.1. NEF Revenues

The National Ecological Fund collects resources from several revenue sources. The revenue sources are specified in the Law about Payment for Environmental Pollution. The main part of revenues consists of payment for fuel imported. Additionally, the Law about Budget for 2002 represents the most recent legal base for the Fund revenues. Budget Law for 2002 stipulates four major revenue sources for the National Fund, as follows:

- resources transferred from the previous year;
- resources transferred from local ecological funds;
- payments for noxious substances emitted by mobile sources that use fuel (ethyl, non-ethyl), fuel for plane engines and diesel oil (payment for imported fuel);
- compensation payments for damages caused to fishery resources.

The Regulation about Ecological Funds (GD no. 988 on September 21, 1998) also stipulates two additional potential revenue sources for the National Fund: voluntary contributions of individuals or legal persons, and accumulated resources from the Fund activity (dividends, benefits for banking deposits, governmental guarantees, etc). In practice, the National Fund has never received financial resources from these two sources.

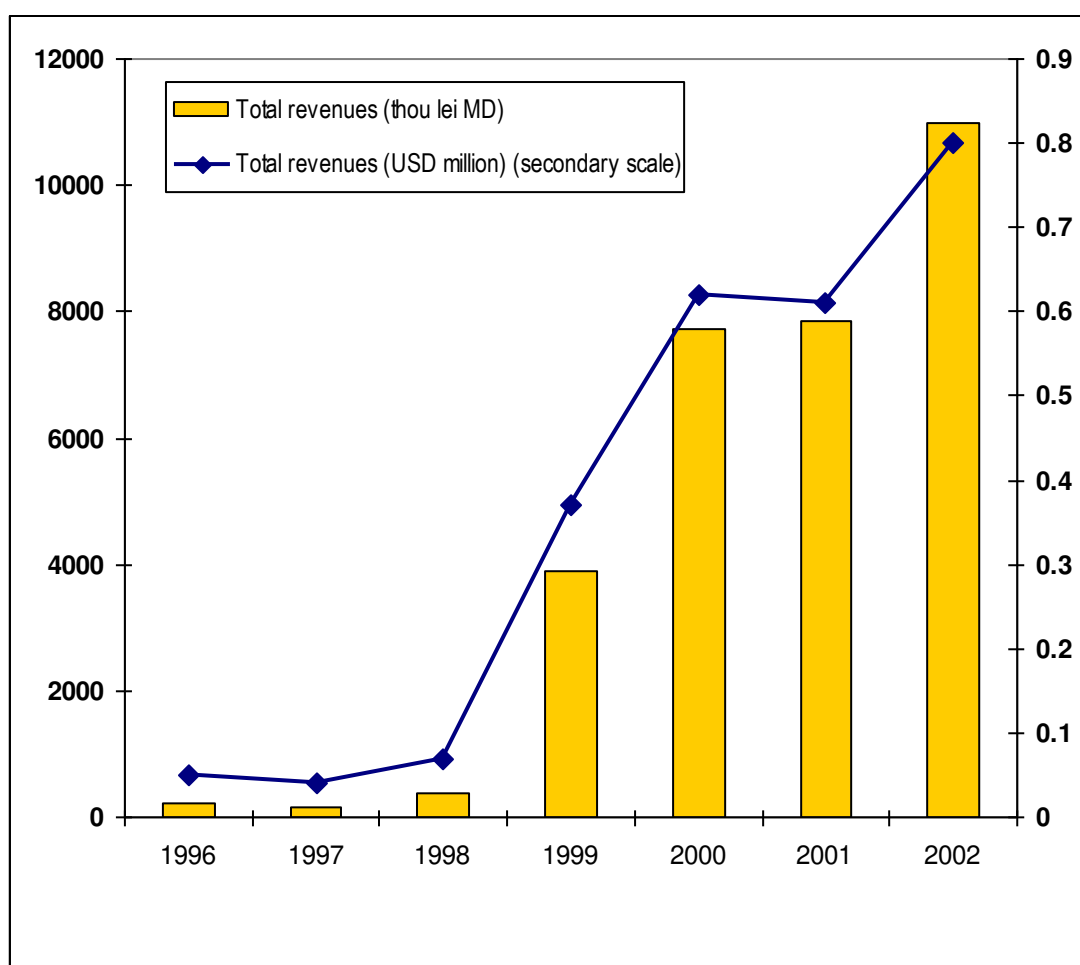


Figure 1: NEF Revenue Trends

Source: calculated based on the statistical reports about setting up and using the financial means of the NEF

Division of the revenues collected by NEF during 1996-2002 is presented in the above figure (Figure 1) and in Annex 3. Revenue volume has increased considerable, especially after 1998, when the collection of the tax for fuel import was started. During the last two years, NEF revenue rate has increased by 9 times compared with 1998, the year before introducing the tax for importing petroleum products, and by 2 times compared with 1999, the first year of collecting the mentioned tax; in 2002, total revenues for NEF was of 10,975 thousand lei. The tax on petroleum products ensures a stable revenue source for the NEF.

National Fund revenues by source⁶ are presented in Table 2. All figures are thousand LMD, nominal value.

Table 2: National Fund Revenues, by source

(Data in Thousand LMD; current exchange rate for the given year)

Revenues	1996	1997	1998	1999	2000	2001	2002
Balance at the end of the year	16.4	1.0	4.0	125.6	137.1	614.4	2046.9
Revenues transferred from the local funds (30%)	208.8	167.0	74.0	17.7	34.7	18.2	892.3
Revenues from payments for fuel import			306.0	3757.9	7330.8	7221.3	8012.1
Other sources					225.2		24.3*
Total	225.2	168.0	384.2	3901.2	7728.8	7853.9	10975.6

Source: MECTD

The table above shows that the revenues collected from the payments on fuel import (ethyl, non-ethyl fuel, diesel oil) are the most important sources, estimated at 80% from the Fund collected revenues in 1998, 96% in 1999, 95% in 2000 and 90% in 2002 (without balance). This tax was introduced through the Law about Payment for Environmental Pollution (Article 7) and represents 1% of the custom value for ethyl fuel and diesel oil and 0, 5% for non-ethyl fuel.

Starting with 2003, based on the Law no.1566-XV on December 20, 2002 regarding modification of the Law about payment for the environmental pollution, a new revenue source for NEF was introduced – payment for the products whose use contributes to environmental pollution.

The Department for Custom Control and the State Ecological Inspectorate are responsible for collecting these two taxes. All collected resources are transferred to the National Fund account.

3.2. NEF Expenditures

According to the Regulation of Fund Operation (Article 5), NEF can offer four types of financing: grants, interest rate subsidies, loans without interest or with discount, and loan guarantees. Grants still remain the NEF main project financing mechanism. In practice, the Fund has not used the other types of financing mechanisms; all selected projects being financed only by grants (see Table 3).

During 2002, the NEF Steering Committee held 10 working meetings, when 348 registered projects were under discussions. Out of these, 210 projects were approved for financing for a total amount of 7,598.7 thousand lei. But only 194 projects were actually financed for a total amount of 6,643.2 thousand lei or 60% from the total revenues collected in the NEF account. For the other approved projects the financing was postponed because of the negotiations on contracts or because the beneficiaries did not show up for negotiations.

⁶ „Other sources” has in view that Fund repays for the costs covering: plane tickets in case of delegations, salary for Ministry employees, covered by the NEF budget, when the Ministry of Finance has problems with cash flows and asks the Fund to pay the salaries and later repaid by the Ministry of Finance.

The main type of projects financed in 2002 are in the following domains: supplying drinking water and sewerage systems, tree planting on degraded soils, ecological awareness and education, environmental international collaboration, financial support for NGOs, etc.

The financing limits were established for different type of projects as follows:

- Construction and modernizing the water treatment units, sewerage and pipes system, waste landfills, etc. – up to 100 thousand lei (a quote of NEF from the total project amount);
- Ecological awareness - between 5 and 50 thousand lei;
- Trees planting, green areas protection – 5 thousand to 20 thousand lei;
- Environmental NGOs support – up to 10 thousand lei;

On average, a project was financed with 34.2 thousand Lei MD (~2500\$) (see Figure 2).

Table 3: NEF Expenditures and projects financed by the NEF

- thousand Lei MD -

Expenditures	1998	1999	2000	2001	2002
Grants	30	175	208	171	194
Investments in stocks			1		
No. of projects approved	30	175	209	171	194
Total expenditures	258.6	3764.1	7113.4	5807.0	6643.2

Source: MECTD

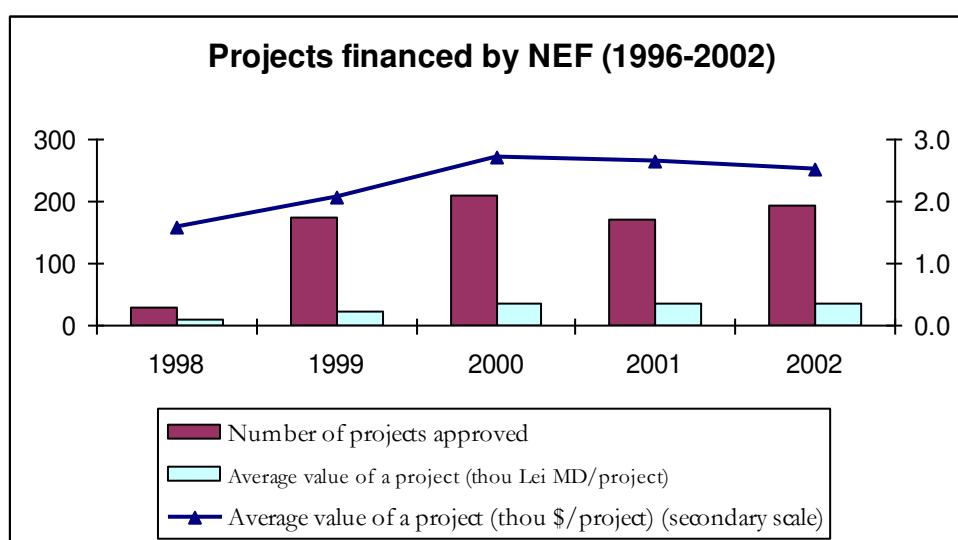


Figure 2

The list of projects financed in 2002 is presented in Annex 6⁷.

⁷ Detailed list of projects is available only in the Romanian version of the report.

Identification of the priority expenditures

The main domains financed by NEF are according to the priorities of the environmental strategy and policy of Republic of Moldova. These are: water with 30% from total, nature protection (15%), monitoring and information (10%), etc (See Figure 3 and Annex 5).

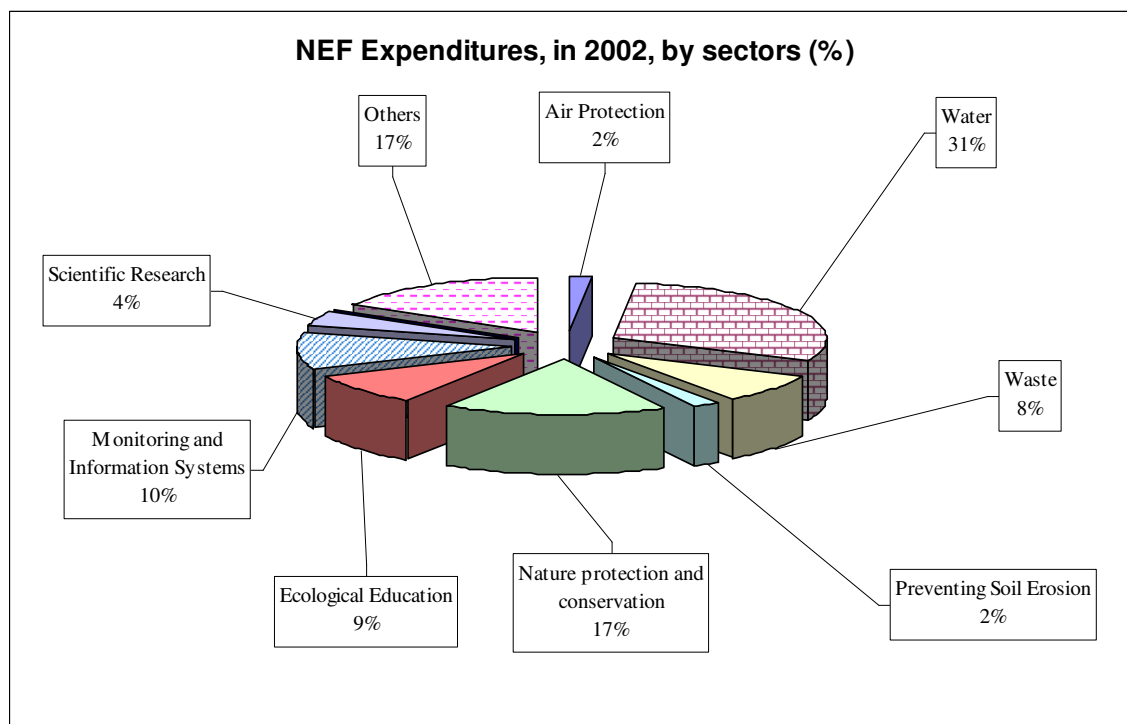


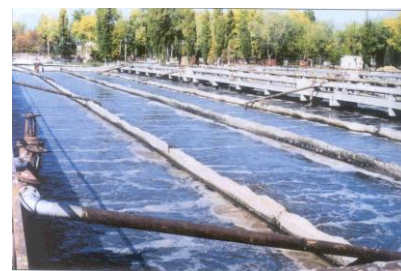
Figure 3

Monitoring/reporting the expenditures

The Fund did not monitor the expenditures on sector, beneficiary type, payment type or project type. The information presented in tables above, was prepared especially for this Report. All Fund expenditures are classified in accordance with the 14 budgetary categories, approved by the Budget Law for 2002.

Thus, the first category refers to the projects financed mainly in the domain of water supply and sewerage, development of green areas and increasing the coverage of forests, etc.

For 2002, a priority for NEF was financing for: water supply and sewerage system rehabilitation and development, improving the quality of drinking water supplies, solving the problems related to the rationale use of the aquatic resources and environmental protection. The current condition of the water supply and sewerage systems and installations is extremely poor, and water quality does not meet the quality standards for “drinking water”. For improving this situation, NEF participated with a share in financing about 20 projects in a total amount of 1,530 thousand lei. Pipe and sewerage systems were modernized in the following localities of Republic of Moldova: Chisinau (district Balcani), Lipcani, Briceni, Edineț, Văratice, Grinăuți, Fălești, Copăcenii, Corjevo, Miclești, Trușeni, Rezina, Călărași, Cornești, Strășeni, Căinari, Chircăiești, Comrat, Cantemir, Vulcănești.

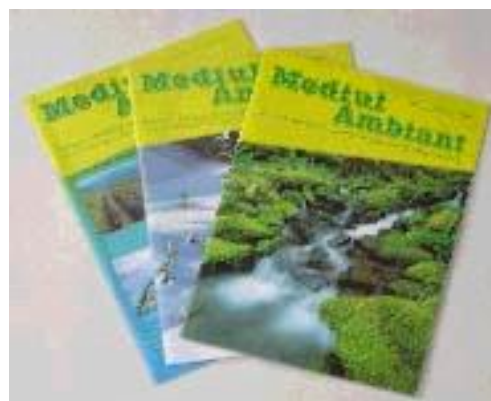


For improving drinking water quality, nine projects received financing for restoration, cleaning and repairs to wells and springs in a total amount of 188 thousand lei for the following localities: Curchi (Orhei), Băiuș, Puhăcenii (Chisinau), Condița, Aluatu (Taraclia), Kirsovo (Comrat), Opaci (Tighina), Taraclia, Ustia.



Well in Aluatu village (Taraclia department)

Also, NEF offered financing to the projects for stabilization of degraded soils by drainage works, tree planting and soil protection construction, etc. In this respect 21 projects were financed with a total amount of 210 thousand lei in the localities: Voinescu and Cioara (Lăpușna), Leova, Holercani, Leușeni, Răscăieți, Cahul, etc.



In 2002, the focus of expenditures was, as well, on ecological public awareness, information and education, for which about 920 thousand lei were allocated. There were promoted projects that carry out public environmental education and awareness, stimulating the public participation in ecological actions. In this respect the following were financed:

- Ecological lectures published into journals and newspapers such as: “Natura”, “Moldova Suverană”, “Noi”, “Făclia”, “Florile dalbe”, “Alunelul”- journal for children, organizing drawing contests for children, etc.;
- Radio and TV broadcasting such as “Tourist Meridian”, “We and the Environment”, “Eco-participation”, approaching the central environmental authority and other institutions subordinated activities oriented to solve ecological issues of the country through feature reports, meetings, live transmissions;
- Scientific information and ecological culture magazine “Mediul ambiant”, Ecological Schedule for 2003, MECTD presentation (first issue), etc.



A major contribution to environmental improvement was made by the environmental NGOs through the implementation of the projects in forestry, water quality improvement, ecological awareness, etc. The activity of several NGOs is noted: “Terra Nostra” – for elaboration of the ecological methods for water treatment against nitrates, „Mișcarea Ecologistă din Moldova” and its regional branches, especially the one in Ștefan Vodă for the project “Green Museum”, “Noe’s Ark” (Căușeni), “Alliance between generations” (Fălești), “Eco-strategies”, “Iedera” for the projects on tree planting and health, etc.

4. IMPORTANT PROJECTS ACHIEVED IN 2002

Drinking Water Supply

As it was mentioned in the previous chapter, one of the NEF priorities for 2002 was to finance projects of water supply and sewerage. In this respect, NEF contributes in achieving projects on drinking water supply improvement, financed by “DANCEE” - Denmark, in Chircăiești village, and Tighina and Edineț counties, allocating 100 thousand lei for each project.

The first project **“Rehabilitation of the water supplying in Chircăiești village”** consists of well reconstruction works and the raising of water pillars, replacing 30 kilometres of pipes in service for more than 50 years with high density polyethylene pipes, establishing links among the 1200 households of the locality. The new water supply system was set up, with a view of improving energy efficiency and reducing operating and maintenance costs.



The second project - **“Save the electric power in Edineț”**, yielded environmental benefits by reducing the electric power required by facilities to produce water in Edineț, by improving the productivity and general efficiency of the pumping units. During project implementation the pumps were changed with new electrical command panels, more efficient from energetic point of view. Also, improvements for pumping system automation were made, and the system of water treatment with chlorine was completely modified.

After project achievement, the energetic efficiency of the water supply system was improved, with estimated savings of the electric power of 23%.



The centralized water supply system represents a very important social factor that makes people aware of the importance and necessity of the most important life source.

The Action “A tree for our long life”

For executing the President of the Republic of Moldova Order no. 27 on February 13, 1995 about setting up the National Day of Making Green the Land “A Tree for our long life” during March – April 2002, NEF launched a contest, open to towns and city offices and NGOs to finance mini-projects for tree planting, under the title “A tree for our life long”.

These mini-projects stipulated a series of actions such as:

- Planting and regenerating forests and forestry strips;
- Planting the strips for water protection;
- Planting the soils deeply degraded for their stabilization;
- Cleaning measures and planting public areas of the localities (parks, schools, kindergartens, city halls, county councils, cemeteries, etc.);

Financing was received by 40 projects from different localities, in a total amount of 400 thousand lei, each project receiving about 5-10 thousand lei. Thus, the projects of the following counties received financing:

- Chisinau county – city halls of Miclești, Cimișeni, Strășeni, Budești;
- Bălți county – city hall of Sîngerei;
- Soroca county – city halls of Mîndîc, Drochia, Chetrosu, Bulboci;
- Orhei county – city halls of Mîndrești, Mihuleni, Curchi, Ciocîlteni, Tîrșiței, Echimăuți, Verejeni;
- Ungheni county – city halls of Grozești, Boldurești;
- Lăpușna county – city halls of Cimișlia, Onești, Crasnoarmeiscoe, Carabetovca, Cărpineni;
- Tighina county – city halls of Antonești, Carahasani, Taraclia, Slobozia, Hănăsei, Baimaclia, Cioburciu, Basarabeasca, Căușeni;



Setting up the riverbank strip on the Botna

Also for forest production, significant funding (720 thousand lei) was allocated for seed beds of the Forestry State Agency “Moldsilva” for cultivating the seeds for development the green areas of the rural and urban localities. The seeds will be provided to the local public administration, educational institutions and will be used for planting in parks and protection strips of the roads.

The National Contest “The greenest, cleanest and most pleasant locality”

In order to improve the sanitary situation in the localities, increase planning at the territory level, set up and regenerate the green areas, restore the natural and cultural heritage, attract the public in such activities of sustainable development, the national contest “The most green and clean locality” was launched in 2002.

The contest was followed by promoting the county contests organized by the county councils, having the goal of selecting the most pleasant urban and rural locality of the county.

The localities that won in the county contest, participated in the national contest, presenting advertising materials (written materials, paintings, photos, video tapes, etc.), to demonstrate that the contest conditions were accomplished.

The National Contest was the following:

Group I – county municipality

1st and 2nd places not awarded

Ungheni municipality (Ungheni county) – 40,000 lei for 3rd place;

Group II– localities with more than 10,000 inhabitants

1st and 2nd places not awarded

Drochia town (Soroca county) - 25,000 lei for 3rd place;

Group III– localities with less than 10,000 inhabitants

Corten village (Taraclia county) - 20,000 lei for 1st place;

Cricova town (Chişinău) - 15,000 lei for the 2nd place;

Oniştani village (Ungheni county) - 15,000 lei for the 2nd place;

Sarata-Galbenă village (Lăpuşna county) - 10,000 lei for the 3rd place;

Larga village (Edineţ county) - 10,000 lei for the 3rd place.

Also, the contest recognized the activity of the public administrations in Edineţ and Orhei, Călăraşi town (Ungheni county), district Buiucani of Chisinau, the villages: Tvardiţa (Taraclia county) and Sărătenii-Vechi (Orhei county) that made improvements in cleaning and territory planning of the localities.

The awards were transferred in the winners’ city hall treasury accounts with destination of “arrangement works and elaboration the Urban Plans for territory planning”.



A road in Ungheni



A modernised road in Drochia

5. PLANS FOR 2003

2003 will bring significant improvement in NEF activity. These correspond to the recommendations made by the OECD Report and will lead to an increased funding role for the NEF importance in investments for environmental protection in Republic of Moldova.

The most important modifications are:

1. A reduction in the number of priority categories from 14 to 7.
2. Fund revenues will increase by about 2 million Lei MD (see Table 4).

Table 4: The NEF Budget for 2003

	Thousand lei MD
I. Total Revenues, including:	12882.0
1. resources transferred from local ecological funds	1150.0
2. payments for air pollution emissions released by mobile sources using leaded and unleaded gasoline, fuel for plane engines and diesel oil	6700.0
3. resources for compensation of damages to fishery resources	50.0
4. product charges for goods which in the process of utilization cause environmental pollution	650.0
5. resources carried over from the previous year	4332.0
II. Total Expenditures, including:	12882.0
1. Financing the projects for implementing the strategies, national environmental programmes and plans, standards and norms, for construction and part of construction of the environmental protection objects, which out:	8432.0
▪ financing the design works and their implementation in the drinking water and sewerage areas	5000.0
2. Research in environmental protection (commissioned by the Ministry), part of research and development works, project preparation for protected areas of the natural and built-up heritage of national and international importance	1400.0
3. Organization and management of informational and ecological promotion system, ecological awareness development	300.0
4. Rewarding specialists – regardless of the institutions to which they belong – that have contributed to the stabilization and reduction of pollution levels (no more than 1% of the NEF budget), payment of the costs for setting up the technical and material data bases and for statistical recordkeeping for the ecological funds	450.0
5. Collaboration with international organizations in the field of environmental protection, including attracting foreign specialists for consulting, conducting analyses, participation of national representatives in the work of international environmental conventions to which Moldova is a party, payment of membership fees to international organizations, and for organizing and achieving the activities related to CITES convention implementation (CITES permit elaboration, CITES stamp procurement, etc.)	1200.0
6. Environmental restoration after natural calamities, industrial accidents, and other accidents that could be potentially environmentally damaging	900.0
7. Financial support to environmental non-governmental organizations based on a special grant programme for environmental protection projects	200.0

It should be noted that for 2003, priority is given to the design and implementation works in water supplying and sewerage domains, for which is allocated about 40% of total NEF revenues.

6. EVALUATION OF THE NEF PERFORMANCE

In 2000, the Ministry of Ecology, Construction and Territorial Development (MECTD), requested the EAP Task Force at the OECD to evaluate the performance of the NEF and the Chişinău Municipal Ecological Fund. The Danish Agency for Environmental Protection and OECD financed the performance review. The evaluation was conducted in cooperation with MECTD and was finalized with a Final Report⁸.

The most important goal of the review was to provide an independent and objective recommendations⁹ of all aspects related to the NEF and Municipal Ecological Fund Chişinău operations, using international good practices as the standard of review, many of these elaborated in “*The St. Petersburg’s Guidelines for Environmental Funds in the Transition to a Market Economy*”.

The OECD performance evaluation of the NEF showed that it operated in accordance with the national and international legislation requirements. However, a number of recommendations were provided to improve Fund operations to better reflect international practices.

The Report noted that the NEF is not focused on priority environmental investments and does not presently function as a financial institution. The legal frame is sufficient for a continuous consolidation of NEF and its transformation into an efficient mechanism for identifying and financing environmental investments. NEF has the opportunity to become a professional institution and increase its international credibility; with the condition that the existing policy will use Fund revenues more strategically. Also, the OECD Report identifies several improvements that would increase the Fund’s transparency and accountability, help it establish concrete priorities, and improve staff capabilities in project management. These reforms represent the conditions that strengthen the Fund’s capabilities to become a potential partner in cooperating with international donors and IFIs in co-financing environmental investments in Moldova.

The working group identified several recommendations that would contribute to the NEF consolidation (see Table 5).

Table 5: Summary of the OECD recommendations for NEF

Recommendation	Importance	
	High	Secondary
1. Improve Programming of Expenditures		
• Specify narrowly-targeted objectives and establish real priorities through a participatory process	√	
2. Roles and Responsibilities for Fund Management		
• Distinguish institutional identity of the Funds from MECTD	√	
• Separate supervisory from management responsibilities	√	
• Increase number of staff in Secretariat by two persons	√	
3. Composition of Administrative Councils		
• Increase number of members to provide better representation of stakeholders	√	
• Consider replacing Minister on Administrative Council with Minister’s appointee		√
Internal Management Control, Auditing and Accounting		
• Upgrade legislation to harmonise internal control requirements with international standards, while keeping the Fund subject to strict budgetary discipline		√
• Specify auditing standards	√	
• Harmonise Fund’s accounting procedures to international standards		√

⁸ See: Performance Review of the National Environmental Fund of Moldova and the Chisinau Municipal Fund, OECD, CCNM/ENV/EAP (2002)2

⁹ The evaluation process has had three stages: preparation activities, initiation and pre-elaboration and final report elaboration. Appraisal and pre-elaboration activities were held during October 28 – November 4, 2001. Evaluation includes both short-term and long-term recommendations for consolidation and increasing the efficiency and effectiveness of the two Funds of the Ecological Fund System in Republic of Moldova.

Recommendation	Importance	
	High	Secondary
4. Public information and disclosure		
• Update Fund regulations to improve reporting requirements		√
• Develop policies on types and mechanisms for disclosing information		√
5. Revenue Sources		
• Improve pollution charge system by reducing discretionary elements in process for setting and collecting pollution charges and reducing number of pollutants for which charges are levied from 200 to less than 10		√
• Consider introduction of charges on environmentally damaging products		√
• Keep the revenue at a local level on Treasury accounts	√	
6. Fund Expenditures		
• Realign expenditure budget lines so that they correspond to real priorities	√	
• Concentrate Fund resources on investment and develop ceilings for investment projects	√	
7. Project Cycle Management		
• Make Fund Managers responsible and accountable for project cycle management, including project identification, appraisal and selection	√	
• Establish specific, objective and transparent appraisal criteria	√	
• Develop detailed operational rules for each stage of project cycle, including different appraisal procedures for different types of projects	√	
• Improve control of advance payments on investment projects. Develop clear legal and administrative procedures to deal with beneficiaries who breach contracts with the Fund.	√	
• Introduce and maintain regular monitoring of investment projects implemented with support by the Fund.		√

Source: Performance Review of the National Environmental Fund of Moldova and the Chisinau Municipal Fund, OECD, CCNM/ENV/EAP (2002)2

The OECD Report recognizes that NEF has evolved significantly and important progress was made, but could operate more efficiently, according with international practice for this kind of institutions.

7. ANNEXES

Annex 1: Normative Acts that regulate the Environmental Funds in Republic of Moldova

	Law / Regulation
1.	Law no. 1515-XII/1993 – June 16, 1993 about Environmental Protection
2.	Law no. 1539-XIII/1998 – February 25, 1998 – for modification of the Law of Environmental Protection
3.	Law no. 1540-XIII/1998 – February 25, 1998 about Payment for Environmental Pollution
4.	Law no. 732-XIV/1999 – December 16, 1999 - for modification of the Law about Payment for Environmental Pollution
5.	Law no. 1566-XV – December 20, 2002 - for modification of Law about Payment for Environmental Pollution
6.	Law of State Budget (annual)
7.	GD of Republic of Moldova no. 988 – September 21, 1998 about approving the Regulation regarding Ecological Funds
8.	GD of Republic of Moldova no. 1103 - August 20, 2002 about the modification of the GD no. 988 - September 21, 1998
9.	Guideline for calculation of the Payment for Environmental Pollution, approved by the Ministry of Ecology, Construction and Territory Development – April 17, 2000
10.	Guideline about Collecting Mechanism and Transferring the Pollution Payments for petroleum products import in Republic of Moldova, approved by the MECTD (No. 01-13/509 – November 25, 1998), Ministry of Finance (No. 0311-02-182 – November 20, 1998) and the Department of Custom Control (No. 3033 – November 10, 1998)
11.	Regulation about Ecological Funds Management – December, 2002 – NEF SC Decision

Annex 2: NEF Roles and Responsibilities in comparison to international practices

Role/Responsibility	NEF	International Good Practice
Internal Policies:		
• Preparation	Secretariat, MECTD	Management Unit, external consultants
• <i>Approval</i>	<i>SC</i>	<i>Supervisory Body</i>
<i>Establishing spending priorities</i>	<i>SC</i>	<i>Supervisory Body</i>
Budget:		
• Preparation	MECTD	Management Unit
• Approval	SC (and then the Parliament as part of the State Budget)	Supervisory Body
Internal documents and external reports:		
• Preparation	Secretariat, MECTD	Management Unit
• <i>Approval</i>	<i>SC</i>	<i>Supervisory Body</i>
External Relations	Limited, MECTD	Fund Director, Fund's Communications Department
Project Cycle Management:		
• Identification	Secretariat, MECTD	Management Unit
• <i>Processing of Applications</i>	<i>Secretariat</i>	<i>Supervisory Body</i>
• Appraisal	MECTD, consultants	Management Unit, consultants
• Ranking of Projects	None at present	Management Unit
• Project selection	SC	Fund ranks and selects projects for financing and provides recommendations, Supervisory Body takes final decision
• <i>Contract preparation</i>	<i>Secretariat</i>	<i>Executive Body</i>
• Signing of contracts	<i>SC President (Minister)</i>	Fund Director, Chair of the Supervisory Body, Minister (only in special cases of strategic importance)
• Project Implementation /monitoring	Secretariat keeps the expenditures records, the Territorial Ecological Agency monitor the projects	Management Unit
Financial Activities:		
• Expenditure approval (signing the banking documents and payment orders)	SC President (Minister)	Fund Director, Chair of the Supervisory Body
• Financial monitoring and recordkeeping	Secretariat, Accounting Department in MECTD	Fund's Financial Department

Note: When the roles and responsibilities in NEF are the same with the ones of international practice the text is in italics

Source: MECTD, Republic of Moldova, 2002

Annex 3: NEF Revenues (1996 – 2002)

	1996	1997	1998	1999	2000	2001	2002
Total revenues (thousand lei MD)	225.2	168.0	384.2	3,901.2	7,727.8	7,853.9	10,975.6
Total revenues in million USD (<i>at the average exchange rate</i>)	0.05	0.04	0.07	0.37	0.62	0.61	0.80

Source: MECTD

Annex 4: Structure of NEF Expenditure: expenditures, by budgetary items

(data in thousand Lei MD; current rate for the given year)

Budget item	1998	1999	2000	2001	2002
Development and implementation of national programmes on environment protection, reclamation of land and water sites damaged by human activity		2263.7	2106.5	225.6	2158.9
Research in environmental protection (commissioned by the Ministry)	29.0	187.2	121.5	130.6	174.8
Development of an environmental standards system, regulating the use of natural resources and environmental quality		81.9	199.2	163.5	31.8
Organisation and introduction of environmental information and promotion	37.1	96.4	150.0	154.2	211.2
Environmental education and awareness-raising	65.1	200.2	145.4	90.3	152.9
Re-training of Ministry's staff	42.1	14.4	61.6	118.2	-
Collaboration with international organisations in the field of environmental protection, including attracting foreign specialists for consulting, conducting analyses, participation of national representatives in the work of international environmental conventions to which Moldova is a Party. Payment of membership fees to international organisations		129.4	499.7	225.5	465.6
Co-financing of scientific research, designing and implementation of technologies with technical parameters meeting environmental standards, the creation of inter-sectoral enterprises for waste recycling, implementation of clean technologies during construction of environmental facilities		10.0	522.6	460.0	915.0
Elimination of consequences of calamities, industrial accidents and other accidents that could be potentially environmentally-damaging		155.0	1370	325.1	885.7
Financial support to local Environmental Funds for implementing environmental measures in hot-spot areas		173.3	597.3	576.4	453.2
Rewarding specialists – regardless of the institution they belong to – that have contributed to the stabilisation and reduction of pollution levels (no more than 1% of the National Fund budget)		13.6	66.9	31.4	33.9
Co-financing of environment technical assistance and investment projects, funded by international donor organisations, local sponsors and investors		1.0	773.1	885.0	725.6
Payment for the creation of technical and material infrastructure and introduction of statistical databases of local environmental funds	85.3	281.5	300.0	214.1	275.6
Financial support of environmental NGOs based on a special grants programme for environmental protection projects		156.5	199.6	173.1	159.0
Balance at the end of year	125.6	137.1	614.4	2046.9	4332.4
Total expenditures:	258.6	3764.1	7113.4	5807.0	6643.2

Source: MECTD, 2002

Annex 5: NEF Expenditures, by sectors

(data in Lei MD; current rate for the given year)

SECTOR	1996	1997	1998	1999	2000	2002
Air protection				25.0		111.4
▪ Electric power production/ heat power						
▪ industrial sector (excluding the electric power sector)				25.0		
▪ Transportation						111.4
▪ Other						
Water				1106.0	1332.9	1987.4
▪ Water supply				98.0		1111.3
▪ Wastewater treatment/ sewerage				918.0	1332.9	382.1
▪ Other				90.0		494.0
Waste				33.0	270.3	555.7
▪ re-using /recycling					10.0	245.7
▪ landfills				33.0	260.3	310.0
Soil protection				126.0	360.0	252.0
Nature protection/conservation, forestation	12.3	25.9		1125.7	689.2	1025.0
Ecological education	77.8	60.2	65.1	378.5	1128.7	625.6
Monitoring and information systems	46.6	29.2	116.4	282.0	697.2	696.5
Scientific research	9.4	16.4	29.0	197.2	305.2	275.4
Remediation of the consequences of accidents/emergencies				155.0	1080.0	-
Other	7.1 ¹	32.3 ²	48.3 ³	335.7 ⁴	1249.9 ⁵	1114.4
Total expenditures	224.2	164.0	258.8	3764.1	7113.4	6643.2

Source: MECTD, 2002

1. Ministry staff training and international collaboration;
2. Ministry staff training, international collaboration and specialists awards;
3. Ministry staff training;
4. Ministry staff training, international collaboration and specialists awarding, local funds supporting and specialists awarding;
5. Ministry material and technical infrastructure, international collaboration and specialists awarding.

Annex 6: List of categories of projects financed by NEF in 2002

I. Elaboration and implementation of the national programmes for environment protection, ecological reconstruction of the landscapes and aquatic objects damaged by human activity	
Total amount	2,210,143.5 Lei MD
II. Research in environmental protection, commissioned by the Ministry	
Total amount	174,800 Lei MD
III. Elaboration of the system of ecological normative acts regulating the use of natural resources	
Total amount	31,820 Lei MD
IV. Organization and introduction of environmental information and promotion	
Total amount	211,368.2 Lei MD
V. Environmental education and awareness-raising	
Total amount	152,950.31 lei MD
VI. Training for the Ministry's staff	
	projects were not financed
VII. Collaboration with international organizations in the field of environmental protection, including attracting foreign specialists for consulting, conducting analyses, participation of national representatives in the work of international environmental conventions to which Moldova is a party. Payment of membership fees to international organizations.	
Total amount	456,366.14 lei MD

VIII. Co-financing of scientific research, designing and implementation of technologies with technical parameters meeting environmental standards, the creation of inter-sectoral enterprises for waste recycling, implementation of clean technologies during construction of environmental facilities	
Total amount	915,164 lei MD
IX. Elimination of the consequences of calamities, industrial accidents and other accidents that could be potentially environmentally damaging	
Total amount	885,602.9 lei MD
X. Financial support to the local ecological funds for developing the environmental measures in hot spots	
Total amount	453,281 Lei MD
XI. Rewarding specialists – regardless of the institution they belong to – that have contributed to the stabilization and reduction of pollution levels	
Total amount	33,989.35 lei MD
XII. Participation in the co-financing of the environmental investment and technical assistance projects that are primarily financed by international donors, sponsors and domestic investors	
Total amount	725,686.5 Lei MD
XIII. Payment for the expenditures of setting up a technical and material database for keeping the statistical records of the ecological funds	
Total amount	275,554 Lei MD
XIV. Financial support to ecological non-governmental organizations based on a special grant programme for environmental protection projects	
Total amount	163,810 Lei MD

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